

Barloworld Limited  
(Incorporated in the Republic of South Africa)  
(Registration number 1918/000095/06)  
(Income tax registration number 9000/051/71/5)  
(JSE share code: BAW)  
(JSE ISIN: ZAE000026639)  
(Share code: BAWP)  
(JSE ISIN: ZAE000026647)  
(Namibian Stock Exchange share code: BWL)  
(Barloworld or the company)

Interim results for the six months ended 31 March 2019

#### About Barloworld

Barloworld is a distributor of leading international brands providing integrated rental, fleet management, product support and logistics solutions. The core divisions of the group comprise Equipment (earthmoving equipment and power systems), Automotive (car rental, motor retail, fleet services, used vehicles and disposal solutions) and Logistics (logistics management and supply chain optimisation). We offer flexible, value adding, innovative business solutions to our customers backed by leading global brands. The brands we represent on behalf of our principals include Caterpillar, Avis, Budget, Mercedes-Benz, Toyota, Volkswagen, Audi, BMW, Ford, Mazda, and others.

Barloworld has a proven track record of long-term relationships with global principals and customers. We have an ability to develop and grow businesses in multiple geographies including challenging territories with high growth prospects. One of our core competencies is an ability to leverage systems and best practices across our chosen business segments. As an organisation we are committed to sustainable development and playing a leading role in empowerment and transformation. The company was founded in 1902 and currently has operations in 16 countries around the world with 79% of just over 17 400 employees in South Africa.

#### Salient features

- "Khula Sizwe" B-BBEE transaction, approved by shareholders and launched successfully
- Equipment southern Africa generates strong results
- Automotive division generates good operating performance in a weak local market
- Equipment Russia remains resilient
- Strategy implementation well on track
- Group return on invested capital of 11.3% (1H'18: 11.0%)
- Normalised headline earnings per share at 521.4 cents up 14.1% (1H'18: 457.1 cents)\*
- Interim dividend per share of 165 cents up 13.8% (1H'18: 145 cents)

#### Chief executive's report

Dominic Sewela, CE of Barloworld, said:

"The group delivered pleasing results for the six months ended 31 March 2019 in challenging trading conditions with normalised headline earnings per share up 14.1% on the prior period\*. The execution of our optimisation strategy is well on track, with Equipment southern Africa and Motor Retail positively contributing to our performance. The group is currently in negotiations and due diligence to acquire a contiguous Equipment territory. We are very pleased with the successful launch of the Barloworld "Khula Sizwe" B-BBEE transaction that in time should benefit the broad-based public."

20 May 2019

Overview

The group performed well in challenging economic and trading conditions. The headline earnings per share (HEPS) from continuing operations for the six months ended 31 March 2019 of 476.0 cents, was up 4.1% over the 457.1 cents generated for the six months ended 31 March 2018.

Normalised headline earnings per share (normalised HEPS)\*, excluding the impact of the B-BBEE transaction charges and the UK pension scheme guaranteed minimum pension (GMP) equalisation charge were up 14.1% on the prior period to 521.4 cents compared to 457.1 cents in 1H'18.

The group generated a return on invested capital (ROIC) of 11.3%, slightly up on the 11.0% achieved in the comparative period.

An interim dividend of 165 cents per share was declared compared to 145 cents per share last period representing an increase of 13.8%.

#### Operational review

##### Health and safety

During the period, Equipment Russia reported another work-related fatality as a result of a motor accident that occurred in December 2018. This is deeply regrettable and our condolences go out to the bereaved family and friends. Following a thorough investigation, management is refocusing on improving safety awareness practices and introducing advanced winter driving training in the division.

##### Equipment

Equipment southern Africa generated strong results during the period with revenue up 15.7% to R10.0 billion on the prior period driven by strong machine sales in South Africa as well as increased machine and after-market sales activity in Zambia and Mozambique. The operating profit of R806 million was up 9.8% but with a lower operating margin of 8.0% (1H'18: 8.5%) impacted by increased machine sales in the sales mix. Income from associates increased 10.9% to R119 million (1H'18: R107 million) driven by 20.7% growth in operating profit from the Bartrac joint venture in the DRC.

Equipment Russia generated robust results in the period under review, with revenue of US\$229.3 million reported for the period. The reduction in turnover of 22.7% in US Dollar (US\$) terms was driven primarily by the inclusion of large package mining machine deals in the 2018 results not repeated in the current period. The imposition of increased duties for US manufactured products in August 2018 impacted demand but had a lesser effect than originally estimated. A strong increase in after-market sales offset some of the reduction in new machine revenues and boosted profits. The operating profit of US\$22.3 million was 9.4% down in US\$ terms but slightly up in South African Rand (ZAR) terms due to the weaker Rand. The operating margin for the first half of 9.7% was up on the 8.2% generated in the prior period driven by increased after-market sales in the revenue mix and continued cost control.

##### Automotive and Logistics

The Automotive division generated a good operating performance in a weak local market, with the operating profit slightly up on the prior period and the operating margin improving from 5.7% to 6.2%. The revenue, however, was down due mainly to the change in revenue recognition for Mercedes-Benz passenger vehicle sales in the prior period.

The Logistics revenue for the period of R2.9 billion was 3.3% down on the prior period mainly impacted by reduced revenues in Supply Chain Management following a decision to close the KLL business. The operating profit of R68 million was adversely impacted by KLL trading losses and subsequent closure costs totalling R66 million. The disposal of the held-for-sale SmartMatta and Middle East businesses are forecast to be concluded at the end of the second half of this financial year.

##### Funding

In the six months to March 2019, net interest-bearing debt of R4.7 billion was R1.5 billion up on the September 2018 position of R3.3 billion but R4.9 billion below the net debt level of March 2018. In line with previous years the group absorbed cash in the first half of the year mainly in the form of increased working capital in most divisions. The bulk

of this R1.5 billion increase came from reduced payables.

#### Directorate

At the annual general meeting (AGM) on 14 February 2019, Ms Bongiwe Mkhabela and Mr Isaac Shongwe retired as directors of the board. In line with a structured board nomination process, Ms Neo Mokhesi and Mr Hugh Molotsi were appointed as independent non-executive directors with effect from 1 February 2019.

Ms Olufunke Ighodaro the chief financial officer (CFO) designate and director resigned as a director of the board effective 1 February 2019. Mr Donald Wilson who retired as a member of the board and finance director at the AGM will serve as the acting CFO until further notice. The JSE Limited has given the company until 30 August 2019 to formalise the appointment of a finance director.

With the resignation of Mr Keith Rankin effective 31 May 2019, Mr Kamogelo Mmutlana was appointed as the executive responsible for the Automotive and Logistics divisions effective 1 June 2019. Mr Charl Groenewald was appointed as divisional chief executive officer (CEO) for Barloworld Logistics and a member of the Barloworld executive committee effective 1 June 2019.

Ms Hilary Wilton retires from the Barloworld executive committee at the end of May 2019.

The board wishes to thank the executives and non-executive directors for their valuable contribution to the company. The board welcomes the new directors and congratulates the executives on their new roles.

#### Human capital, diversity and inclusion, and corporate affairs

Our human capital initiatives are aimed at ensuring we have the requisite talent to execute our strategy successfully. Mobilising and focusing talent on the most critical group issues remains a strategic imperative. During the period, our leadership competencies were assessed, performance contracting concluded and the necessary training and development programmes initiated. We also continue to focus on succession planning for key, strategic, critical and scarce roles.

The Barloworld "Khula Sizwe" B-BBEE transaction was approved by shareholders at the February 2019 AGM. The much anticipated public offering for shares in the Khula Sizwe Property Holdings (RF) Limited to raise total equity of R163.4 million opened on 10 April 2019 and closes on 31 May 2019. More details on the scheme are available on [www.barloworldkhulasizwe.com](http://www.barloworldkhulasizwe.com).

#### Corporate level strategy

Progress continues in respect of all four areas identified in the group strategy.

**Fix** - The group continues to review all areas of underperformance in its portfolio. Two businesses within the Logistics division remain held for sale as the group considers the sale of non-core assets.

**Optimise** - Equipment southern Africa continues with its operational transformation project, while Motor Retail has an ongoing review of its dealer network and cost structures. Options for the optimal deployment of capital into the Automotive Leasing business continue to be addressed. Critical to the success of this initiative are the formation of a joint venture, sourcing long-term sustainable funding with no recourse to Barloworld, and achieving market-leading empowerment credentials for the Leasing business. The group continues to explore further opportunities to enhance the return on capital with the Car Rental business.

**Active shareholder model** - The group has fully adopted its managing for intrinsic value approach and is now turning its efforts towards strategy deployment via the Barloworld Business System. This system will enhance foundational capabilities across the group by developing and rolling out process optimisation supported by process automation capabilities.

The redevelopment of Barlow Park at 180 Katherine Street precinct in Sandton commenced in April 2019.

**Grow** - The group continues to review various options as part of its stringent capital deployment philosophy.

It is currently involved in negotiations and a due diligence process to acquire a contiguous Equipment territory.

#### Outlook

The Equipment southern African firm order book at the end of March 2019 of R2.4 billion was in line with September 2018 driven by strong demand from contract miners. The outlook for mining activity in Russia remains positive. The order book at March 2019 of US\$83.4 million improved on the September 2018 book of US\$44 million. The bulk of the deliveries being to mining applications. The pipeline for major projects in Russia remains strong.

The South African consumer remains under pressure with the industry outlook negatively impacted by the declining prospects for growth in the economy. It is anticipated that new vehicle sales will remain challenging in the second half, with the premium segment growth expected to be negative for the full period while volume brands provide resilience over the period. Management continues to focus on improving the profitability and returns of each dealership to ensure resilience in the short to medium term.

Industry rental days are expected to remain subdued in Car Rental. The business plans to drive top line revenue growth through yield management.

The Avis Fleet business is forecast to show some finance fleet growth in the corporate segment in the coming months as we fleet up for the recent contract gains. The timing of the de-fleeting of the City of Johannesburg contract vehicles remains uncertain which could impact the profitability in the second half. The business is awaiting the outcome of a tender currently in the adjudication process which could impact the medium-term performance of the business.

Logistics is expecting a stronger second half performance following the closure of the loss making KLL business. The divisional turnaround project continues to be a priority for management and remains a key factor in ensuring ongoing improved returns.

DM Sewela  
Chief executive

#### Group financial review

The group adopted IFRS 15 and IFRS 9 in the reporting period, however, the impact of these new accounting standards has not been significant on the group's results. Accordingly, we have not restated the prior period results but have elected to take the prior period impact as an adjustment through equity. Commentary is therefore against the 2018 results as reported.

Financial performance from continuing operations for the six months ended 31 March 2019

Revenue for the first six months was down by 1.6% to R30.4 billion (1H'18: R30.9 billion) despite strong revenue growth in Equipment southern Africa which grew by 15.7% to R10.0 billion (1H'18: R8.7 billion). This was driven by increased mining, construction and service activity in South Africa, together with increased machine and after-market sales in Mozambique and Zambia. Following the record sales in FY18, Equipment Russia revenues reduced by 22.7% to US\$229 million (1H'18: US\$297 million). Revenues in Rand terms from our Equipment businesses were positively impacted by the weaker Rand exchange rate, which increased total revenue by R628 million. Year-on-year Automotive revenues were down by 7.7% to R14.2 billion (1H'18: R15.4 billion) and were affected by the change in dealership revenue model for Mercedes-Benz. Logistics revenues were 3.3% down on the prior period at R2.9 billion (1H'18: R3.0 billion) resulting from contract losses and the closure of KLL.

Operating profit was down 4.0% to R1 876 million (1H'18: R1 954 million). The performance of the group was impacted by a once-off charge of R88 million (£4.7 million) which was required to equalise the GMP requirements of the UK defined benefit pension scheme, together with R24 million of costs related to the implementation of our "Khula Sizwe" B-BBEE transaction. Equipment southern Africa's operating profit was well up at R806 million (1H'18: R734 million) and Equipment Russia was marginally higher in Rand terms but down in US Dollars to US\$22.3 million (1H'18: US\$24.6 million). In a difficult trading environment, Automotive operating profit was slightly improved at R885 million (1H'18: R883 million) and the operating margin improved to 6.2%. In Logistics, operating profit was impacted by KLL losses and closure costs

amounting to R66 million (1H'18 losses of R24 million). The group's operating profit margin of 6.2% was down on the 6.3% achieved at March 2018, impacted by stronger machine sales mix contributions in Equipment southern Africa.

The net fair value adjustments on financial instruments of R76 million (1H'18: R127 million) mainly comprise the cost of forward points on foreign exchange contracts and movements on foreign currency denominated monetary assets and liabilities in Equipment southern Africa. Finance costs remained largely in line with the prior period (R580 million 1H'19 versus R583 million 1H'18).

Losses from non-operating and capital items of R68 million relate to further impairments of the Logistics Middle East and SmartMatta operations together with property and investment impairments in Automotive.

The taxation charge decreased by R8 million to R398 million while the effective taxation rate for the period (excluding prior period taxation and taxation on non-operating and capital items) decrease to 29.5% against the prior period March effective tax rate of 31.0%. This was a result of permanent differences, local currency movements against the US Dollar functional currency of the offshore operations coupled with reductions in inventory and property, plant and equipment holdings.

Profits from associates increased to R116 million (1H'18: R113 million) driven by the increased activity in our Bartrac Equipment joint venture in the Katanga province of the DRC which increased profits by 20.7% compared to 1H'18. However, these gains were offset by losses of R20 million incurred in our Zimbabwean investment Barzem arising from the devaluation of its local currency based monetary assets.

Normalised headline earning per share (Normalised HEPS), excluding the impact of the B-BBEE transaction charges and the GMP equalisation charge was up 14.1% on the prior period to 521.1 cents compared to 457.1 cents in 1H'18. Including these charges, HEPS was up 4.1% at 476.0 cents.

#### Cash flow

The group's investment in working capital increased by R1.5 billion compared to September 2018 due to a decrease in payables in the period. Reduced investment in rental and leasing fleets of R1.4 billion (1H'18: R1.8 billion) was driven by Equipment southern Africa Rental. Consequently, cash generated by operations of R483 million was significantly up on the R1.4 billion utilised in the prior period and net cash applied to operating activities of R1.3 billion was well down on the R3.1 billion utilised in 1H'18.

Net cash used in investment activities of R129 million included the settlement of US\$7 million of Angolan US\$-linked government bonds and investments in technology intangibles. We remain invested in Angolan US\$-linked government bonds to hedge against Angolan currency devaluation, while also taking advantage of increased Dollar liquidity which was allocated, to reduce this exposure. At March 2019 we held US\$57 million of these bonds compared to US\$64 million at September 2018 and we have also reduced our restricted Kwanza cash balance by US\$4 million to US\$6 million.

The net cash outflow before financing activities and dividends (free cash flow or FCF) for the period of R695 million was R2.3 billion below the R3 billion utilised in the first half of 2018.

In line with previous years we expect to reduce our working capital utilisation in the second half to ensure that we are cash positive for the full year.

#### Financial position

Total assets employed in the group decreased by R1.5 billion (3.3%) to R47.7 billion, compared to September 2018 (September 2018: R49.3 billion) driven by lower cash on hand.

Assets held for sale of R311 million (September 2018: R497 million) comprise the Logistics Middle East and SmartMatta businesses together with the Barlow Park office park that is currently undergoing redevelopment. The KLL business previously held for sale was closed during the period.

#### Returns

	March 2019	March 2018
ROIC (rolling 12 months) (%)	11.3	11.0
EP (rolling 12 months) (R million)	(344)	(446)
FCF (R million)	(695)	(3 013)
Return on ordinary shareholders funds (%)	9.0	9.7

ROIC, EP and FCF, all of which are key performance measures of our divisions, have shown positive growth in the first half of the year driven by our focus on optimising cost structures and growing NOPAT, together with reducing invested capital. The group's return on equity (ROE) of 9.0% against 9.7% at March last year impacted by low gearing levels arising from capital releases across the group and the once off items incurred in the period. We remain committed to deploying capital towards targeted growth opportunities that will create value for our shareholders and should these opportunities not materialise, capital will be released to shareholders.

#### Debt

Total interest-bearing debt at 31 March 2019 increased by R410 million to R10.8 billion (September 2018: R11.2 billion) while cash and cash equivalents decreased by R1.9 billion to R6.0 billion (September 2018: R7.9 billion). Net interest-bearing debt at 31 March 2019 of R4.7 billion was R1.5 billion up on the September 2018 position of R3.3 billion as a result of the reduction in payables but was R4.9 billion down on net debt at March 2018.

At 31 March 2019 the group had unutilised borrowing facilities of R8.6 billion (September 2018: R10.6 billion) of which R6.8 billion (September 2018: R8.1 billion) was committed. The group's ratio of long-term to short-term debt improved to 60%:40% (September 2018: 54%:46%).

Net debt to EBITDA of 0.8 times, while up on the year-end ratio of 0.5 times, is still at a level that supports our capacity for future growth. Net debt to equity has increased to 20.9% from 14.7% in the prior period with 139% of our half-year net debt in the Leasing and Car Rental business segments and the Trading segment in a net cash position.

#### Outlook for the year end

Despite the challenging trading conditions we expect to improve the ROIC closer to the 13% hurdle rate by the year end. In line with cyclical and historical trends, we expect a higher level of working capital to be released into cash in the second half of the year.

As announced on SENS on 11 April 2019, the group is exploring a strategic acquisition to complement our existing Equipment operations. This acquisition should go some way to optimising the group's capital structure and delivering enhanced shareholder returns. Our "Khula Sizwe" B-BBEE transaction, which was approved by shareholders on 14 February 2019, is in the process of implementation and will release a further R2.4 billion of capital through the sale of the majority of our South African property portfolio to the B-BBEE entity. Further opportunities to optimise the group's capital structure and to improve returns to shareholder are also under consideration.

DG Wilson  
Acting CFO

#### Operational reviews Equipment

	Revenue			Operating profit			Net operating assets		
	Six months ended	Year ended		Six months ended	Year ended		Six months ended	Year ended	
	31 Mar	31 Mar	30 Sept	31 Mar	31 Mar	30 Sept	31 Mar	31 Mar	30 Sept
	2019	2018	2018	2019	2018	2018	2019	2018	2018
	Reviewed	Reviewed	Audited	Reviewed	Reviewed	Audited	Reviewed	Reviewed	Audited
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Equipment	13 270	12 436	27 572	1 120	1 044	2 594	14 877	16 177	14 596

- Southern Africa	10 033	8 670	19 775	806	734	1 790	11 892	11 748	11 637
- Europe								2 007	
- Russia	3 237	3 766	7 797	314	310	804	2 985	2 422	2 959
Handling	21	53	114		(9)	(20)	290	361	306
	13 291	12 489	27 686	1 120	1 035	2 574	15 167	16 538	14 902
Share of associate income				116	117	241			

Equipment southern Africa delivered a strong performance for the period. Revenue increased 15.7% to R10.0 billion, as a result of a 32.2% growth in machine sales and 23% growth in service. Operating profit, at R806 million was 9.8% up with the operating margin decreasing to 8.0% from 8.5% last year mainly due to the increase of machines in the sales mix. Overall, earnings before interest and tax increased by 16.6% to R753 million. Due to continuous focus on cost containment and drive for operational efficiency, the net expense to revenue ratio improved by 1.1%.

Income from associates was up 10.9% to R119 million (1H'18: R107 million). While Bartrac's profitability grew by 20.7% to R134 million (1H'18: R111 million), this was partially offset by the share of losses in Zimbabwe of R20 million which arose from currency devaluation. Despite a slight increase in invested capital, Equipment southern Africa was able to deliver ROIC of 12.7% (1H'18: 12.4%).

Mining equipment machine sales increased by 121.9% driven by large surface and underground mining machine deliveries to Mozambique, Zambia and South Africa. Market sentiments in the sector remain positive supported by favourable commodity fundamentals and the preference towards contract mining remains strong. Machine sales to contract miners contributed 56.0% of total mining sales over the period.

Construction sales grew by 8.1% in a declining market. The construction industry has declined significantly over the last six months, resulting in some large construction companies going into business rescue. Growth in the sector was due to market share gains on the back of new product introductions and offering competitive financing solutions supported by Caterpillar Finance.

Equipment Russia continued to benefit from robust mining activity combined with stability in commodity prices, particularly in the gold sector. Revenue for the six months to March of US\$229.3 million was 22.7% lower than the prior period due to a decrease in mining prime product sales. A number of large mining package deals were delivered in 2018 resulting in higher revenues. After-market revenue increased by 16.5% to US\$113.8 million in the period, boosting profits. The imposition of increased import tariffs on certain US sourced machines in 2018 had a lesser impact than originally anticipated due to strong mining demand and close collaboration with Caterpillar and customers. Operating profit to March of US\$22.3 million decreased by 9.4% against the prior period. The operating margin of 9.7% was higher than the prior period's 8.2% mostly due to a change in revenue mix because of an increased after-market contribution and continued cost control.

#### Automotive and Logistics

	Revenue			Operating profit			Net operating assets		
	Six months ended	Year ended		Six months ended	Year ended		Six months ended	Year ended	
	31 Mar 2019	31 Mar 2018	30 Sept 2018	31 Mar 2019	31 Mar 2018	30 Sept 2018	31 Mar 2019	31 Mar 2018	30 Sept 2018
	Reviewed	Reviewed	Audited	Reviewed	Reviewed	Audited	Reviewed	Reviewed	Audited
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Automotive	14 188	15 372	29 809	885	883	1 701	10 016	9 873	8 758
Car Rental	3 296	3 399	6 528	281	301	536	3 424	3 676	2 854
Avis Fleet	1 643	1 726	3 326	329	308	641	4 128	3 848	3 778
Motor Trading	9 249	10 247	19 955	275	274	524	2 464	2 349	2 126
Logistics	2 889	2 989	5 924	68	99	262	1 712	2 334	1 538
Southern Africa	2 832	2 932	5 807	65	96	255	1 657	2 251	1 445
Middle East	57	57	117	3	3	7	55	83	93

Share of  
associate loss

Car Rental produced a reasonable result in a declining market. Operating profit reduced by 6.6% to R281 million. Following on 2018's negative growth, the car rental industry declined by a further 2.0% in rental days for the period. Notwithstanding the decline in rental days, the business increased the rate per day and managed vehicle fleet costs. Vehicle damage expenses were kept below prior period. The used vehicle market is currently subdued, negatively impacting margins and the overall contribution. The business is aligning its cost base to the current trading environment to improve performance and counter the impact of external factors.

The South African new vehicle dealer market was down by 4.6% with the premium segment continuing to decline at a higher rate than the non-premium segment.

The Logistics revenue for the period of R2.9 billion was 3.3% down on prior period. This was mainly due to the closure of the KLL operation as well as tough trading conditions. On the other hand, revenue from the Transport business increased by 1.7%. The operating profit of R68 million was 31% lower than the prior period. The KLL business contributed R66 million in losses as a result of lower trading year-on-year and closure costs. Excluding KLL losses, Logistics would have delivered an increase in operating profit of 8.9% to R134 million; achieved in spite of difficult trading conditions in the consumer, agriculture and construction sectors. Cost containment initiatives implemented in the prior period contributed positively to the trading result. A consistent performance in the Freight Forwarding operation and the continuation of key client contracts provide a solid base to build on. The net operating assets decreased by 26.6% compared to the prior period on the back of initiatives implemented in 2018 as well as continued focus on working capital management. The disposal of SmartMatta and Middle East remains a priority and is expected to be finalised at the end of the financial year.

[illegible]



Southern Africa	1	1	(75)	(24)	(74)	685	588	580
Europe			(122)	(39)	(59)	(1 834)	(2 016)	(1 739)
	1	1	(197)	(63)	(133)	(1 149)	(1 428)	(1 159)

The Corporate Office primarily comprises the operations of the group headquarters and treasury in Johannesburg, the treasury in Maidenhead (United Kingdom) and the captive insurance company in the Isle of Man. Southern Africa incurred higher operating losses of R75 million (1H'18: R24 million) mainly due to higher employment and corporate social investment costs and costs associated with the implementation of our "Khula Sizwe" B-BBEE transaction (R24 million). The higher UK operating losses of R122 million (1H'18: R39 million) includes a once-off pre-tax R88 million (£4.7 million) charge to equalise guaranteed minimum pensions (GMP) in the UK pension scheme.

\* Certain information presented in this announcement is regarded as pro forma information. This information has been prepared for illustrative purposes only, is the responsibility of the board of directors of Barloworld Limited and has not been reviewed or reported on by the company's external auditors.

#### Dividend declaration

##### Dividend number 181

Notice is hereby given that interim dividend number 181 of 165 cents (gross) per ordinary share in respect of the six months ended March 2019 has been declared subject to the applicable dividends tax levied in terms of the Income Tax Act (Act No. 58 of 1962) (as amended) (the Income Tax Act).

In accordance with paragraphs 11.17(a)(i) to (ix) and 11.17(c) of the JSE Listings Requirements the following additional information is disclosed:

- The dividend has been declared out of income reserves;
- Local dividends tax rate is 20% (twenty per centum);
- Barloworld has 212 692 583 ordinary shares in issue;
- The gross local dividend amount is 165 cents per ordinary share;
- The net dividend amount is 132 cents per share.

In compliance with the requirements of Strate and the JSE Limited, the following dates are applicable:

Dividend declared	Monday, 20 May 2019
Last day to trade cum dividend	Tuesday, 4 June 2019
Ordinary shares trade ex-dividend	Wednesday, 5 June 2019
Record date	Friday, 7 June 2019
Payment date	Monday, 10 June 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 5 June 2019 and Friday, 7 June 2019, both days inclusive.

On behalf of the board  
Andiswa Ndoni  
Group company secretary

#### Condensed consolidated income statement

		Six months ended		Year ended
		31 Mar	31 Mar	30 Sept
		2019	2018	2018
		Reviewed	Reviewed	Audited
	Notes	Rm	Rm	Rm
CONTINUING OPERATIONS				
Revenue		30 369	30 850	63 420
Operating profit before items listed below (EBITDA)		3 149	3 228	6 978
Depreciation		(1 195)	(1 212)	(2 433)
Amortisation of intangible assets		(54)	(62)	(141)
Operating profit before B-BBEE transaction charge	3	1 900	1 954	4 404

B-BBEE transaction charge		(24)		
Operating profit	3	1 876	1 954	4 404
Fair value adjustments on financial instruments		(76)	(127)	(133)
Finance costs		(580)	(583)	(1 182)
Income from investments		80	64	147
Profit before non-operating and capital items		1 300	1 308	3 236
Non-operating and capital items	4	(68)	(14)	(248)
Profit before taxation		1 232	1 294	2 988
Taxation	5	(398)	(406)	(950)
Profit after taxation		834	888	2 038
Profit from associates and joint ventures		116	113	235
Net profit from continuing operations for the period		950	1 001	2 273
DISCONTINUED OPERATION				
Profit from discontinued operation	8		57	1 647
Net profit for the period		950	1 058	3 920
Net profit attributable to:				
Owners of Barloworld Limited		924	1 007	3 846
Non-controlling interests in subsidiaries		26	51	74
		950	1 058	3 920
Earnings per share (cents)				
- basic		438.1	477.8	1 823.8
- diluted		436.9	474.2	1 812.9
Earnings per share from continuing operations (cents)				
- basic		438.1	450.8	1 042.8
- diluted		436.9	447.4	1 036.5
Earnings per share from discontinued operation (cents)				
- basic			27.0	781.0
- diluted			26.8	776.4

Condensed consolidated statement of other comprehensive income

	Six months ended		Year ended
	31 Mar	31 Mar	30 Sept
	2019	2018	2018
	Reviewed	Reviewed	Audited
	Rm	Rm	Rm
Profit for the period	950	1 058	3 920
Items that may be reclassified subsequently to profit or loss:	188	(1 090)	(874)
Exchange gain/(loss) on translation of foreign operations	180	(1 007)	645
Translation reserves realised on disposal of foreign joint venture and subsidiaries			(1 502)
Gain/(loss) on cash flow hedges	11	(115)	(23)
Deferred taxation on cash flow hedges	(3)	32	6
Items that will not be reclassified to profit or loss:			345
Actuarial gain on post-retirement benefit obligations			415
Taxation effect			(70)
Other comprehensive income/(loss) for the period	188	(1 090)	(529)
Total comprehensive income/(loss) for the period	1 138	(32)	3 391
Total comprehensive income/(loss) attributable to:			
Owners of Barloworld Limited	1 112	(83)	3 317
Non-controlling interests in subsidiaries	26	51	74
	1 138	(32)	3 391

Condensed consolidated statement of financial position

	Notes	Six months ended		Year ended
		31 Mar 2019 Reviewed Rm	31 Mar 2018 Reviewed Rm	30 Sept 2018 Audited Rm
ASSETS				
Non-current assets		19 469	19 028	19 231
Property, plant and equipment		12 721	12 931	12 657
Goodwill		1 878	1 902	1 873
Intangible assets		1 564	1 466	1 528
Investment in associates and joint ventures	6	1 466	1 246	1 343
Finance lease receivables		187	226	211
Long-term financial assets	7	945	564	909
Deferred taxation assets		708	693	710
Current assets		27 968	25 085	29 531
Vehicle rental fleet		3 337	3 472	3 058
Inventories		9 647	9 690	9 592
Trade and other receivables		8 803	9 583	8 883
Taxation		150	168	105
Cash and cash equivalents	13	6 031	2 172	7 893
Assets classified as held for sale	8	311	3 245	497
Total assets		47 748	47 358	49 259
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and premium		441	441	441
Other reserves		4 123	3 858	4 194
Retained income		18 034	15 184	17 598
Interest of shareholders of Barloworld Limited		22 598	19 483	22 233
Non-controlling interest		529	535	517
Interest of all shareholders		23 127	20 018	22 750
Non-current liabilities		9 480	10 445	8 917
Interest-bearing		6 405	7 302	5 995
Deferred taxation liabilities		628	582	632
Provisions		100	32	47
Other non-current liabilities		2 347	2 529	2 243
Current liabilities		15 082	15 988	17 466
Trade and other payables		9 559	10 560	11 122
Provisions		1 170	844	1 100
Taxation			125	70
Amounts due to bankers and short-term loans		4 353	4 459	5 174
Liabilities directly associated with assets classified as held for sale	8	59	907	126
Total equity and liabilities		47 748	47 358	49 259

Condensed consolidated statement of changes in equity

Share capital and premium	Other reserves	Retained income	Attribu- table to Barloworld Limited share- holders	Non- controlling interest	Interest of all share- holders
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	Rm	Rm	Rm	Rm	Rm	Rm
Balance at 1 October 2017 (audited)	441	5 144	14 690	20 275	602	20 877
Total other comprehensive (loss)/ income for the period		(1 090)	1 007	(83)	51	(32)
Other reserve movements		(196)	234	38	(1)	37
Other changes in minority shareholders interest and minority loans			(183)	(183)	(75)	(258)
Dividends			(564)	(564)	(42)	(606)
Balance at 31 March 2018 (reviewed)	441	3 858	15 184	19 483	535	20 018
Total other comprehensive income for the period		216	3 184	3 400	23	3 423
Other reserve movements		155	(179)	(24)	(2)	(26)
Disposal of subsidiary		(35)	(283)	(318)		(318)
Dividends			(308)	(308)	(39)	(347)
Balance at 30 September 2018 (audited)	441	4 194	17 598	22 233	517	22 750
Total other comprehensive income for the period		188	924	1 112	26	1 138
Cumulative adjustments for adoption of new accounting standards			20	20		20
Other reserve movements		(259)	166	(93)		(93)
Dividends			(674)	(674)	(14)	(688)
Balance at 31 March 2019 (reviewed)	441	4 123	18 034	22 598	529	23 127

Condensed consolidated statement of cash flows

	Notes	Six months ended 31 Mar 2019 Reviewed Rm	Six months ended 31 Mar 2018 Reviewed Rm	Year ended 30 Sept 2018 Audited Rm
Cash flow from operating activities				
Operating cash flows before movements in working capital		3 375	3 416	8 111
Movement in working capital		(1 529)	(3 075)	(2 065)
Cash generated from operations before investment in rental fleets		1 846	341	6 046
Fleet leasing and equipment rental fleet		(701)	(1 117)	(1 593)
Additions		(1 480)	(2 055)	(3 305)
Proceeds on disposal		779	938	1 713
Vehicles rental fleet		(662)	(658)	(631)
Additions		(2 022)	(2 352)	(3 921)
Proceeds on disposal		1 360	1 694	3 290
Cash generated from/(utilised in) operations		483	(1 434)	3 822
Realised fair value adjustments on financial instruments		(57)	(115)	(140)
Finance costs and investment income		(491)	(505)	(924)
Taxation paid		(501)	(477)	(1 058)
Cash (outflow)/inflow from operations		(566)	(2 531)	1 700

Dividends paid (including non-controlling interest)		(688)	(606)	(953)
Net cash (applied to)/retained from operating activities		(1 254)	(3 137)	747
Net cash (used in)/generated from investing activities		(129)	(482)	1 891
Acquisition of subsidiaries, investments and intangibles	11	8	(282)	(86)
Proceeds on disposal of subsidiaries, investments and intangibles	12			2 342
Net investment in leasing receivables		32	77	(53)
Acquisition of property, plant and equipment		(204)	(341)	(618)
Proceeds on disposal of property, plant and equipment		35	64	306
Net cash (outflow)/inflow before financing activities		(1 383)	(3 619)	2 638
Net cash (used in)/from financing activities		(553)	2 063	1 080
Shares (repurchased)/proceeds for equity-settled share-based payment		(121)	18	(43)
Purchase of non-controlling interest			(257)	(257)
Net (decrease)/increase in interest-bearing liabilities		(432)	2 302	1 380
Net (decrease)/increase in cash and cash equivalents		(1 936)	(1 556)	3 718
Cash and cash equivalents at beginning of period		7 893	3 925	3 925
Cash and cash equivalents held for sale at beginning of period		19	102	102
Effect of foreign exchange rate movements		85	(130)	167
Effect of cash balances held for sale		(30)	(169)	(19)
Cash and cash equivalents at end of period		6 031	2 172	7 893

#### Notes to the condensed consolidated financial statements

##### 1. BASIS OF PREPARATION

The condensed consolidated interim financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim reports, and the requirements of the Companies Act applicable to financial statements.

The JSE Listings Requirements require interim reports to be prepared in accordance with IAS 34 Interim Financial Reporting and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies applied in the preparation of the condensed consolidated interim financial statements are derived in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the annual financial statements for the year ended 30 September 2018, with the exception of the adoption of new policies as required by new and/or revised International Financial Reporting Standards issued and in effect for the current financial year. Specifically, the group has applied IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments for the first time, effective 1 October 2018. Refer to note 17 for further information regarding the impact of these new accounting standards and consideration of IFRS 16 Leases which will be applicable to Barloworld effective 1 October 2019.

The condensed consolidated interim financial statements are presented in South African Rand, which is Barloworld Limited's functional and presentation currency. The condensed consolidated interim financial statements do not include all the disclosures required for complete annual financial statements prepared in accordance with IFRS

as issued by the International Accounting Standards Board. The board is satisfied that the company is sufficiently liquid and solvent to be able to support the current operations for the next 12 months. Accordingly, the condensed consolidated interim financial statements are prepared on a going concern basis.

The condensed consolidated interim financial statements appearing in this announcement are the responsibility of the directors. The directors take full responsibility for the preparation of the condensed consolidated interim financial statements.

This report was prepared under the supervision of RL Pole CA(SA) (Group general manager: finance).

	Six months ended 31 Mar 2019 Reviewed Rm	31 Mar 2018 Reviewed Rm	Year ended 30 Sept 2018 Audited Rm
2. RECONCILIATION OF NET PROFIT TO HEADLINE EARNINGS			
Net profit attributable to Barloworld shareholders	924	1 007	3 846
Adjusted for the following:			
Profit on disposal of subsidiaries and investments (IFRS 10)			(98)
Profit on disposal of plant, property, equipment and other assets excluding rental assets (IAS 16 and IAS 38)		(17)	(10)
Impairment of goodwill (IFRS 3)			70
Impairment of plant and equipment (IAS 16) and intangibles (IAS 38) and other assets	59	24	155
Impairment of investments in associates and joint ventures (IAS 36)	9		24
Realisation of translation reserve on disposal of foreign subsidiaries (IAS 21)			(1 502)
Taxation effects of remeasurements	12	(1)	(18)
Associate and non-controlling interest in remeasurements		1	47
Headline earnings	1 004	1 014	2 514
Continuing operations			
Profit from continuing operations	950	1 001	2 273
Non-controlling shareholders' interest in net profit from continuing operations	(26)	(51)	(74)
Profit from continuing operations attributable to Barloworld Limited shareholders	924	950	2 199
Adjusted for the following:			
Profit on disposal of plant, property, equipment and other assets excluding rental assets (IAS 16 and IAS 38)		(8)	(1)
Impairment of goodwill (IFRS 3)			70
Impairment of plant and equipment (IAS 16) and intangibles (IAS 38) and other assets	59	24	155
Impairment of investments in associates and joint ventures (IAS 36)	9		24
Taxation effect of remeasurements	12	(3)	(20)
Net remeasurements excluded from headline earnings from continuing operations	80	13	228
Headline earnings from continuing operations	1 004	963	2 427
Discontinued operation			
Profit from discontinued operation attributable to Barloworld Limited shareholders		57	1 647
Adjusted for the following:			
Profit on disposal of subsidiaries (IFRS 10)			(98)

Profit on disposal of property and other assets (IAS 16)		(9)	(9)
Realisation of translation reserve on disposal of foreign subsidiaries (IAS 21)			(1 502)
Taxation effect of remeasurements		2	2
Associate and non-controlling interest in remeasurements		1	47
Net remeasurements excluded from headline earnings from discontinued operation		(6)	(1 560)
Headline earnings from discontinued operation		51	87
Weighted average number of ordinary shares in issue during the period (000)			
- basic	210 972	210 691	210 875
- diluted	211 581	212 360	212 147
Headline earnings per share (cents)			
- basic	476.0	481.3	1 192.1
- diluted	474.6	477.4	1 185.0
Headline earnings per share from continuing operations (cents)			
- basic	476.0	457.1	1 150.9
- diluted	474.6	453.5	1 144.0
Headline earnings per share from discontinued operation (cents)			
- basic		24.2	41.2
- diluted		23.9	41.0

	Six months ended		Year ended
	31 Mar	31 Mar	30 Sept
	2019	2018	2018
	Reviewed	Reviewed	Audited
	Rm	Rm	Rm

### 3. OPERATING PROFIT

Included in operating profit from continuing operations are:

Cost of sales (including allocation of depreciation)	23 759	23 649	49 203
Expenses includes the following:			
B-BBEE charge	24		
Guaranteed minimum pension charge	88		
Loss on disposal of other plant, equipment and rental assets (not adjusted in HEPS)	33	37	74
Amortisation of intangible assets in terms of IFRS 3 business combinations	14	9	29

	Six months ended		Year ended
	31 Mar	31 Mar	30 Sept
	2019	2018	2018
	Reviewed	Reviewed	Audited
	Rm	Rm	Rm

### 4. NON-OPERATING AND CAPITAL ITEMS

Impairment of investments	(9)		(24)
Impairment of goodwill			(70)
Profit on disposal of property, plant, equipment, intangibles and other assets		10	1
Impairment of property, plant and equipment, intangibles and other assets	(59)	(24)	(155)
Gross non-operating and capital items from continuing operations	(68)	(14)	(248)
Taxation (charge)/benefit on non-operating and capital items	(12)	3	20

Net non-operating and capital items from continuing operations	(80)	(11)	(228)
Non-operating and capital items from discontinued operation		9	9
Taxation benefit on non-operating and capital items		(2)	(2)
Non-operating and capital items included in associate income from discontinued operation		(1)	(47)
Net non-operating and capital items	(80)	(5)	(268)

5. TAXATION

Taxation per income statement	(398)	(406)	(950)
Prior year taxation	(3)	(4)	(48)
Taxation on non-operating and capital items	(12)	3	20
Attributable to a change in the rate of income tax			2
Taxation on profit before prior year taxation, non-operating and capital items and rate change	(383)	(405)	(924)
Effective taxation rate excluding non-operating and capital items, prior year taxation (%)	29.5	31.0	28.5

Six months ended	Year ended
31 Mar	30 Sept
2019	2018
Reviewed	Audited
Rm	Rm

6. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Joint ventures	1 430	1 196	1 288
Associates	36	125	55
Total group	1 466	1 321	1 343
Amount classified as held for sale		(75)	
	1 466	1 246	1 343

Six months ended	Year ended
31 Mar	30 Sept
2019	2018
Reviewed	Audited
Rm	Rm

7. LONG-TERM FINANCIAL ASSETS

Unlisted and listed investments at fair value	66	70	60
Other long-term financial assets	229	51	94
Unlisted debt instruments*	650	443	755
	945	564	909

\* The group remains invested in Dollar-linked Angolan government bonds. These Kwanza-denominated bonds are pegged to the United States Dollar. On maturity the bonds will be settled in Kwanza. The long-term portion of the bonds in US\$ at 31 March 2019 is US\$45 million (September 2018: US\$53 million, March 2018: US\$37 million). Included in trade and other receivables is the short-term portion of the bonds of R169 million (US\$11.7 million), September 2018: R155 million (US\$11 million) and March 2018: R533 million (US\$45 million).

Six months ended	Year ended
31 Mar	30 Sept
2019	2018
Reviewed	Audited
Rm	Rm

8. DISCONTINUED OPERATION AND ASSETS CLASSIFIED AS HELD FOR SALE



The Equipment Iberia segment was classified as a discontinued operation at 30 September 2017. The sale of this business segment was concluded during June 2018. Results from discontinued operation are as follows:

Revenue	2 277	3 337
Operating profit before items listed below (EBITDA)	140	215
Depreciation	(55)	(72)
Amortisation of intangible assets	(5)	(7)
Operating profit	80	136
Finance costs	(2)	(2)
Profit before non-operating and capital items	78	134
Non-operating and capital items	9	9
Profit before taxation	87	143
Taxation	(21)	(29)
Net profit after taxation	66	114
Loss from associates	(9)	(67)
Profit from discontinued operations	57	47
Net profit on disposal of discontinued operations		1 600
Profit from discontinued operations per income statement	57	1 647

The cash flows from the discontinued operations are as follows:

Cash flows from operating activities	53	129
Cash flows from investing activities	(22)	(31)
Cash flows from financing activities	55	(6)

The major classes of assets and liabilities comprising the disposal group and other assets classified as held for sale were as follows:

Property, plant and equipment	175	964	253
Investments		75	
Deferred tax asset	4	151	18
Intangible assets	2	41	2
Inventories	24	867	37
Trade and other receivables*	76	978	168
Cash balances	30	169	19
Assets classified as held for sale	311	3 245	497
Interest-bearing short and long-term loans	(1)	(75)	(1)
Trade and other payables - short and long term**	(50)	(691)	(125)
Deferred tax liability		(2)	
Provisions	(8)	(139)	
Total liabilities associated with assets classified as held for sale	(59)	(907)	(126)
Net assets classified as held for sale	252	2 338	371

Per business segment:

Equipment Iberia		2 212	
Logistics Middle East and SmartMatta (September 2018 included KLL)	159	126	278
Corporate office	93		93
Total group	252	2 338	371

\* Includes financial assets of R76 million (September 2018: R63 million, March 2018: R842 million ).

\*\* Includes financial liabilities measured at amortised cost of R50 million (September 2018: R83 million, March 2018: R315 million ).

In the prior year, the Logistics Middle East operations, KLL and SmartMatta businesses were classified as held for sale. Subsequent to the year ended 30 September 2018, a decision was made to rather close down the KLL operations and as such, this business is no longer classified as held for sale at

31 March 2019. In respect of Logistics Middle East and SmartMatta, management remain committed to these sales and based on progress in the period and developments subsequent to year end, management are confident that these sales will take place in 2019. These assets do not constitute a major line of business and have therefore not been classified as discontinued operations.

The assets and liabilities are measured at fair value less cost to sell. The fair value is determined based on the price that a buyer is willing to pay and is therefore categorised as a level 3 within the fair value hierarchy.

The net assets held for sale within the Corporate division relate to the Barlow Park property owned by Barloworld Limited which is in the process of being sold into a consortium of investors with the aim of re-developing the site into a multi-use precinct.

The asset is measured at fair value less cost to sell. The fair value is determined based on an external valuation of the property and categorised as a level 2 within the fair value hierarchy.

	Six months ended		Year ended
	31 Mar	31 Mar	30 Sept
	2019	2018	2018
	Reviewed	Reviewed	Audited
	Rm	Rm	Rm
9. FINANCIAL INSTRUMENTS			
Carrying value of financial instruments by class:			
Financial assets:			
Trade receivables			
- Industry	5 597	6 496	6 124
- Government	800	484	902
- Consumers	1 228	836	543
Other loans and receivables and cash balances	7 173	3 197	9 120
Finance lease receivables	428	446	459
Derivatives (including items designated as effective hedging instruments)			
- Forward exchange contracts	32		1
Other financial assets at fair value	66	53	278
Total carrying value of financial assets	15 324	11 512	17 427
Financial liabilities:			
Trade payables			
- Principals	3 018	4 178	2 925
- Other suppliers	2 889	4 643	3 734
Derivatives (including items designated as effective hedging instruments)			
- Forward exchange contracts	41	72	35
- Other derivatives			9
Financial liabilities measured at amortised cost	13 828	11 871	14 410
Total carrying value of financial liabilities	19 776	20 765	21 113

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets. The markets from which these quoted prices are obtained are the bonds market, the stock exchange as well as other similar markets.

Level 2: fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). The valuation techniques used in deriving level 2 fair values are discounted cash flows. The discounted cash flows are derived using rates that appropriately reflects the different risks of the various counterparties in relation to the financial instrument. Significant unobservable inputs are long-term revenue and profit projections as well as management's experience and knowledge of the market conditions. Inputs used and assumptions made in relation to the discounted cash flow model is based on macro-economic indicators consistent with external sources of information.

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The valuation techniques used in deriving level 3 fair values are discounted cash flows as well as the net asset value approach of the investment that is being valued. This information is based on unobservable market data, and adjusted for based on management's experience and knowledge of the investment.

	31 Mar 2019			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Financial assets designated at fair value through profit or loss			61	61
Shares			5	5
Derivative		32		32
Total		32	66	98
Financial liabilities at fair value				
Derivative liabilities designated as effective hedging instruments		41		41
Total		41		41

	31 Mar 2018			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Financial assets designated at fair value through profit or loss			48	48
Available-for-sale financial assets				
Shares			5	5
Total			53	53
Financial liabilities at fair value through profit or loss				
Derivative liabilities designated as effective hedging instruments		72		72
Total		72		72

	30 Sept 2018			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Financial assets designated at fair value through profit or loss			55	55
Available-for-sale financial assets				
Shares			5	5
Derivative assets designated as effective hedging instruments		1		1
Total		1	60	61
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value				

through profit or loss	9	9
Derivative	35	35
Total	44	44

On 1 October 2018 the group adopted IFRS 9 Financial Instruments, refer to note 17(a) for the impact of the adoption.

	Six months ended 31 Mar 2019 Reviewed Rm	31 Mar 2018 Reviewed Rm	Year ended 30 Sept 2018 Audited Rm
10. DIVIDENDS DECLARED			
Ordinary shares			
Final dividend No 180 paid on 14 January 2019: 317 cents per share (2018: No 178 - 265 cents per share)	674	564	564
Interim dividend No 179 paid on 11 June 2018: 145 cents per share			308
Paid to Barloworld Limited shareholders	674	564	872
Paid to non-controlling interest	14	42	81
	688	606	953
11. ACQUISITION OF INVESTMENTS AND INTANGIBLES			
Intangibles and other investments acquired	(99)	(94)	(122)
Investment in Angolan bonds - realised/(acquired)	107	(188)	36
Cash amounts paid to acquire investments and intangibles	8	(282)	(86)
12. PROCEEDS ON DISPOSAL OF SUBSIDIARIES AND INVESTMENTS			
Inventories disposed			969
Receivables disposed			1 196
Payables, taxation and deferred taxation balances disposed			(785)
Borrowings net of cash			162
Property, plant and equipment, non-current assets, goodwill and intangibles			1 048
Net assets disposed			2 590
Outstanding receivable from buyer			(170)
Less: Non-cash translation reserves realised on disposal of foreign subsidiaries			(1 502)
Profit on disposal			1 586
Net cash proceeds on disposal of subsidiaries			2 504
Bank balances and cash in subsidiaries disposed			(162)
Cash proceeds on disposal of subsidiaries			2 342
The disposal of Equipment Iberia took place in June 2018 (prior year) for R2.5 billion (Euro 163 million).			
	Six months ended 31 Mar 2019 Reviewed Rm	31 Mar 2018 Reviewed Rm	Year ended 30 Sept 2018 Audited Rm
13. CASH AND CASH EQUIVALENTS			
Cash balances not available for use due to reserving and foreign exchange restrictions	149	150	178
This includes US\$9.1 million (R130 million) of Angolan Kwanza cash on hand (March 2018: US\$9.2 million, R109 million) (Sept 2018: US\$9.9 million, R140 million).			

#### 14. COMMITMENTS

Capital expenditure commitments to be incurred			
Contracted - Property, plant and equipment	390	245	340
Contracted - Vehicle Rental Fleet	190	235	1 131
Approved but not yet contracted	217	511	216
Total continuing operations	797	991	1 687
Discontinued operation		18	
Total group	797	1 009	1 687
Share of joint ventures' capital expenditure commitments to be incurred:			
Contracted	45		
Approved but not yet contracted			135
	45		135
Operating lease commitments:			
Continuing operations	3 155	2 790	3 439
Discontinued operation		106	
Total group	3 155	2 896	3 439
Capital expenditure will be financed by funds generated by the business, existing cash resources and borrowing facilities available to the group.			

	Six months ended		Year ended
	31 Mar	31 Mar	30 Sept
	2019	2018	2018
	Reviewed	Reviewed	Audited
	Rm	Rm	Rm

#### 15. CONTINGENT LIABILITIES

Performance guarantees given to customers, other guarantees and claims			
From continuing operations	952	517	872
From discontinued operation		182	
Total group	952	699	872

Certain risk-share customers have pledged collateral of R232 million as security against these contingent liabilities.

During 2018 the Barloworld Equipment division entered into a 25% risk share agreement with Caterpillar Financial Corporation Financeira, S.A., E.F.C. - Sucursal em Portugal and Barloworld Equipment UK Limited. The risk share agreement only relates to certain agreed upon customer risk profiles and relates to exposure at default less any recoveries. As at 31 March 2019 the maximum exposure of this guarantee was estimated to be R305 million (March 2018: nil; September 2018: R278 million).

Buy-back and repurchase commitments not reflected on the statement of financial position			
From continuing operations	94	90	94
From discontinued operation		14	
Total group	94	104	94

Other contingent liabilities

In October 2017, the Barloworld Equipment South Africa (BWE SA) business received notification from the

Competition Commission that it is investigating a complaint against the Contractors Plant Hire Association of which Barloworld Equipment was a member. The matter is ongoing and no further action has been taken by the Competition Authorities in this period.

The company and its subsidiaries are continuously subject to various tax audits in the territories in which they operate. While in most cases the companies are able to successfully defend the tax positions taken, the outcomes of some of the audits are being disputed. Where, based on our own judgement and the advice of external legal counsel, we believe there is a probable likelihood of the group being found liable, adequate provisions have been recognised in the financial statements. The Namibian Directorate Customs and Excise audit matter reported on at 30 September 2018 was resolved in the period with the outcome being the imposition of a nominal administrative penalty.

#### 16. RELATED PARTY TRANSACTIONS

There has been no significant changes in related party relationships and the nature of related party transactions since the previous year.

Other than in the normal course of business, there have been no other significant transactions during the year with associate companies, joint ventures and other related parties.

#### 17. CHANGES IN ACCOUNTING POLICIES

The group adopted IFRS 9 Financial Instruments (see note 17(a) and IFRS 15 Revenue from Contracts with Customers (see note 17(b) from 1 October 2018. A number of other new standards and amendments to existing standards became effective from 1 October 2018, but these do not have a material effect on the group's financial statements.

##### (a) IFRS 9 Financial Instruments

###### Impact of adopting new standards

The group has elected not to restate comparative figures and to recognise a cumulative adjustment in retained earnings in adopting IFRS 9. The adoption of IFRS 9 resulted in the change of classification and measurement of certain financial assets. The most significant impact of IFRS 9 has been the change to the group's policies regarding the measurement of impairment of financial assets, contract assets, lease receivables, commitments and guarantees. The impairment for financial instruments is now measured using an expected credit loss model instead of an incurred loss model. Furthermore, equity instruments previously measured at cost are now measured at fair value through other comprehensive income.

The following table summarises the impact, net of tax, of the transition to IFRS 9 on the opening balance of reserves and retained earnings as at 1 October 2018. The adjustment to retained income is due to the change in the accounting policy for impairing financial assets.

Impact of adopting IFRS 9 at 1 October 2018 (release)	
Recognition of expected credit losses under IFRS 9	17
Related tax	(3)
Increase in retained earnings	14

The table and the accompanying notes that follow explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the group's financial assets and liabilities, as at 1 October 2018.

##### Financial assets

Please note that unless otherwise stated the carrying amount under the new IFRS 9 category remains the same as the IAS 39 category.

	Original category under IAS 39	New category under IFRS 9
Financial instrument		

Long-term financial assets (investments in equity instruments)	Fair value through profit and loss: Designated at initial recognition Available-for-sale financial assets Cost	Measured at fair value through other comprehensive income (FVOCI)	Note a
Long-term financial assets (debt instruments)	Held to maturity	Measured at amortised cost	Note b
Long-term financial assets (long-term receivables)	Loans and receivables	Measured at amortised cost	Note b
Long-term financial assets (investment securities)	Loans and receivables	Measured at amortised cost	Note b
Trade and other receivables (derivatives)	Derivatives designated as hedging instruments	Derivatives in the Equipment business are measured at either fair value through other comprehensive income or fair value through profit or loss	
Trade and other receivables (debt instruments)	Held to maturity	Measured at amortised cost	Note b
Trade and other receivables (other receivables)	Loans and receivables	Measured at amortised cost	Note b
Cash and cash equivalents	Loans and receivables	Measured at amortised cost	Note b
Financial liabilities Interest-bearing non-current liabilities	Measured at amortised cost	Measured at amortised cost	Note b
Other non-current liabilities (deferred income)	Measured at amortised cost	Measured at amortised cost	Note b
Other non-current liabilities (other payables)	Measured at amortised cost	Measured at amortised cost	Note b
Trade and other payables (derivatives)	Fair value through profit and loss: Designated at initial recognition	Measured at fair value through profit or loss	
Trade and other payables	Measured at amortised cost	Measured at amortised cost	Note b
Amounts due to bankers and short-term loans (derivatives)	Derivatives designated as hedging instruments	Derivatives in the Equipment business are measured at either fair value through other comprehensive income	

		or fair value through profit or loss	
Amounts due to bankers and short-term loans	Measured at amortised cost	Measured at amortised cost	Note b

Note a: The group has a number of small equity investments that were previously recognised at cost (allowable under IAS 39) but which are now recognised at the best estimate of fair value. There has been no material change in the value of these equity investments under IFRS 9.

Note b: The classification of financial instruments as measured at amortised cost is deemed appropriate as the contractual cash flows for the group consist solely of principal and interest. Barloworld's business model is to only collect the principal amount outstanding and interest charged on the principal debt.

Note c: Finance lease receivables are measured using the principles of IAS 17 Leases as they are not in the scope of IFRS 9. This is consistent to prior years.

#### New significant accounting policies - IFRS 9

##### Impairment

The group applies the expected credit loss (ECL) using the simplified approach to assess whether financial assets measured at amortised cost, finance lease receivables and contract assets collectively referred to as receivables are impaired.

In determining the ECL for receivables, the receivables are grouped based on similar risks, the industry in which the debtor operates, the regulatory environment, the size of the debtor and the historical payment history of the debtor. ECLs are calculated using a provision matrix which applies a historic loss ratio to the aged balance of trade receivables at each reporting date. In instances where there was no evidence of historical write-offs, management's judgement is applied to assess potential write-offs. The historic loss ratio is also adjusted for forward-looking information to determine the lifetime ECL for the portfolio of trade receivables, this includes taking into account factors such as inflation, the debtors' reputation, the market the debtors' operates in, the impact of technology and, particularly in relation to our Equipment debtors', local economic and geopolitical indicators and commodity prices.

##### Recognition of fair value movements in equity investments in other comprehensive income

The fair value of equity investments is inherently volatile and Barloworld's business model is not that of an equity investment holding company. Therefore the fair value movements in equity instruments are not considered part of the everyday operations of the group as presented in the income statement. Barloworld therefore elected to recognise equity instruments at FVOCI.

##### Hedge accounting

The group currently applies cash flow hedge accounting in its Equipment southern Africa division on certain of its firm commitments for Caterpillar equipment. Currently Barloworld hedges the currency risk inherent in the Caterpillar equipment (hedged item) with forward exchange contracts (hedging instrument).

Barloworld has elected to continue applying the hedge accounting requirements of IAS 39.

#### (b) IFRS 15 Revenue from Contracts with Customers

##### Impact of adopting new standards

The group has adopted IFRS 15 using the cumulative effect method, at the date of initial application (ie 1 October 2018). Accordingly, the information presented for 2018 has not been restated. The adoption of IFRS 15 has not resulted in a significant impact on the group, it has resulted in a net increase in opening retained income of R6 million.

#### (b) IFRS 15 Revenue from Contracts with Customers continued

##### New significant accounting policies - IFRS 15 continued



#### Revenue recognition

The group recognises revenue from the following major sources:

- Sale of goods and parts (new and used)
- Rental income
- Rendering of service
- Commission income.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group has determined that a disaggregation of revenue using existing segments is appropriate as the timing of the transfer of goods or services (at a point in time versus over time) does not change with the adoption of IFRS 15.

The sale of goods includes: new and used Caterpillar earthmoving equipment, engines and other complementary products (Equipment); new, used and demo motor retailing (Automotive); recyclables and fast moving consumer goods (Logistics). Revenue on the sale of goods is recognised when a group entity sells a product to the customer being when the products are delivered to the customer. Payment of the transaction price is due immediately when the customer purchases the goods and takes delivery.

Rental income includes: rental of Caterpillar earthmoving equipment, engines and other complementary products (Equipment); fleet management solutions and short-term vehicle rentals (Automotive). Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

Revenue from providing services includes workshop and in-field support services and after sales services including equipment services, fitment and repairs (Equipment); after sales services including vehicle services, fitment and repairs (Automotive) and logistics services and supply chain management solutions (Logistics). Revenue from rendering services is recognised in the accounting period in which the services are rendered. The percentage of completion method is applied to recognise revenue on long-term maintenance and repair contracts (MARC) in the Equipment and Automotive businesses. Management exercise judgement in calculating the deferred revenue reserve which is based on the anticipated cost of repairs over the life cycle of the equipment, or motor vehicles, applied to the total expected future revenue arising from maintenance and repair contracts. Deferred revenue is released as the services are provided in line with the transfer of risks and rewards principle.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Commission income includes commissions earned on the sale and auctioning of goods (Automotive) and commissions earned on the sale and clearing of goods (Logistics). Commission income is recognised when the sale which gives rise to the commission income has occurred.

#### Disaggregation of revenue

	Six months ended		Year ended
	31 Mar	31 Mar	30 Sept
	2019	2018	2018
	Reviewed	Reviewed	Audited
	Rm	Rm	Rm
Equipment and Handling	13 291	12 489	27 686
- Sale of goods and parts (new and used)	10 662	10 291	22 813
- Rental income	521	451	1 146

- Rendering of services	2 108	1 747	3 727
Automotive	14 188	15 372	29 809
- Sale of goods	10 292	11 514	22 442
- Rental income	2 559	2 568	4 804
- Rendering of service	910	925	1 776
- Commission income and insurance premium	426	365	785
- Royalties	1		2
Logistics	2 889	2 989	5 924
- Sale of goods and parts (new and used)	340	406	630
- Rental income	5		
- Rendering of services	2 544	2 583	5 294
Corporate	1		1
- Rental income	1		1
	30 369	30 850	63 420

#### Dividend income

Dividend income does not form part of IFRS 15, however, the group recognises dividend income when the right to receive payment is established. Dividend income is recognised in profit and loss.

#### IFRS 16 Leases (Effective for the group from 1 October 2019)

IFRS 16 will be applied by the group from 1 October 2019. Under the new standard, all lease contracts, with limited exceptions, will require a lessee to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The adoption of the standard will have a material effect on the group's financial statements by significantly increasing the group's assets and liabilities.

Based on the group's current assessment, the impact is expected to be between R2 250 million and R2 750 million of additional liabilities that will be recognised on the statement of financial position with a corresponding lease asset within the same value range.

Operating expenses are expected to decrease due to the removal of rental expenses under IFRS 16 and the accounting for leases in the income statement through amortisation of the right-of-use asset.

Interest would be increased by the interest on the lease liability. The impact on net profit before tax is expected to be less than 5%.

Operating and financing cash flows will also be impacted as the finance portion of leasing charges will be classified as financing cash flows (under IAS 17 all operating lease cash flows were classified as operating cash flows).

It is important to note that the group's preliminary assessment is ongoing and the group lease profile and the incremental borrowing rates applied may change in the ordinary course of our business. As such, the actual impact of implementing IFRS 16 and this estimate may differ.

#### 18. EVENTS AFTER THE REPORTING PERIOD

Barloworld currently has a 51.18% interest in NMI Durban South Motors (Pty) Limited (NMI-DSM), a subsidiary within our Automotive division. On 16 May 2019 the board approved management's mandate to negotiate the sale of 1.18% of Barloworld's investment in NMI-DSM. The conclusion of this sale would reduce Barloworld's shareholding to 50% and facilitate the formation of a joint venture with the existing minority shareholders in this business. On conclusion of the sale, which is expected to take place in the next six months, Barloworld will deconsolidate the NMI-DSM business from the

Group's results. Thereafter the investment would be equity accounted by the Barloworld group.

#### 19. AUDITOR'S REVIEW

These condensed consolidated interim financial statements for the period ended 31 March 2019 have been reviewed by Deloitte & Touche, who expressed an unmodified review conclusion. A copy of the auditor's review report is available for inspection at the company's registered office.

The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of that report together with the accompanying financial information from the issuer's registered office.

Any forward-looking statements included in this announcement have not been reviewed or reported on by the auditors.

#### 20. OPERATING SEGMENTS

	Revenue			Operating profit/(loss)			Fair value adjustments on financial instruments		
	Six months ended	Year ended		Six months ended	Year ended		Six months ended	Year ended	
	31 Mar	31 Mar	30 Sept	31 Mar	31 Mar	30 Sept	31 Mar	31 Mar	30 Sept
	2019	2018	2018	2019	2018	2018	2019	2018	2018
	Reviewed	Reviewed	Audited	Reviewed	Reviewed	Audited	Reviewed	Reviewed	Audited
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Equipment and Handling	13 291	12 489	27 686	1 120	1 035	2 574	(58)	(97)	(84)
Automotive and Logistics	17 077	18 361	35 733	953	982	1 963	(9)	(9)	(19)
Corporate	1		1	(197)	(63)	(133)	(9)	(21)	(30)
Total	30 369	30 850	63 420	1 876	1 954	4 404	(76)	(127)	(133)
Southern Africa	27 075	27 028	55 506	1 681	1 680	3 652	(65)	(104)	(106)
Europe	3 294	3 822	7 914	195	274	752	(11)	(23)	(27)
Total	30 369	30 850	63 420	1 876	1 954	4 404	(76)	(127)	(133)
Segment result: Operating profit/(loss) including fair value adjustments									
	Six months ended	Year ended		Operating margin (%)			Net operating assets/(liabilities)*		
	31 Mar	31 Mar	30 Sept	Six months ended	Year ended		Six months ended	Year ended	
	2019	2018	2018	31 Mar	31 Mar	30 Sept	31 Mar	31 Mar	30 Sept
	Reviewed	Reviewed	Audited	Reviewed	Reviewed	Audited	Reviewed	Reviewed	Audited
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Equipment and Handling	1 062	938	2 490	8.4	8.3	9.3	15 167	16 538	14 902
Automotive and Logistics	944	973	1 944	5.6	5.3	5.5	11 728	12 207	10 296
Corporate	(206)	(84)	(163)				(1 149)	(1 428)	(1 159)
Total	1 800	1 827	4 271	6.2	6.3	6.9	25 746	27 317	24 039
Southern Africa	1 616	1 576	3 546	6.2	6.2	6.6	24 540	24 821	22 726
Europe	184	251	725	5.9	7.2	9.5	1 206	2 496	1 313
Total	1 800	1 827	4 271	6.2	6.3	6.9	25 746	27 317	24 039

\* The net operating assets/(liabilities) includes assets/liabilities classified as held for sale.

## Salient features

	Six months ended		Year ended
	31 Mar	31 Mar	30 Sept
	2019	2018	2018
	Reviewed	Reviewed	Audited
	Rm	Rm	Rm
Financial			
Group headline earnings per share (cents)	476	481	1 192
Continuing headline earnings per share (cents)	476	457	1 151
Return on invested capital (ROIC) (%)	11.3	11.0	12.3
Free cash flow	(695)	(3 013)	3 591
Economic profit	(344)	(446)	(48)
Dividends per share (cents)	165	145	462
Continuing operating margin (%)	6.2	6.3	6.9
Continuing net asset turn (times)	1.8	2.2	2.1
Continuing EBITDA/interest paid (times)	5.4	5.5	5.9
Continuing net debt/equity (%)	20.4	47.9	14.4
Continuing return on net operating assets (RONOA) (%)	9.2	17.0	20.9
Continuing return on ordinary shareholders' funds (%)	9.0	9.7	11.4
Net asset value per share including investments at fair value (cents)	10 702	9 160	10 453
Number of ordinary shares in issue (000)	212 693	212 693	212 693
			Audited
Non-financial			
Non-renewable energy consumption (GJ)	1 462 799	1 469 964	2 947 696
Greenhouse gas emissions (tCO <sub>2</sub> e)*	127 162	129 187	257 650
Water withdrawals (municipal sources) (ML)	317	292	588
Number of employees	17 555	18 171	17 417
Lost-time injury frequency rate (LTIFR) <sup>†</sup>	0.61	0.80	0.69
Number of work-related fatalities	1	2	2
dti <sup>^</sup> B-BBEE rating (level)	3	3	3

\* Scope 1 and 2.

<sup>†</sup> Lost-time injuries multiplied by 200 000 divided by total hours worked.

<sup>^</sup> Department of Trade and Industry (South Africa).

	Closing rate			Average rate		
	Six months ended		Year ended	Six months ended		Year ended
	31 Mar	31 Mar	30 Sept	31 Mar	31 Mar	30 Sept
	2019	2018	2018	2019	2018	2018
	Reviewed	Reviewed	Audited	Reviewed	Reviewed	Audited
Exchange rates (Rand)						
United States Dollar	14.42	11.85	14.15	14.10	12.75	13.01
Euro	16.19	14.57	16.44	16.07	15.34	15.48
British Sterling	18.79	16.62	18.45	18.28	17.42	17.53

## CORPORATE INFORMATION

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## Directors

Non-executive: DB Ntsebeza (Chairman),

NP Dongwana, FNO Edozien^, HH Hickey,  
MD Lynch-Bell\*, NP Mnxasana, NV Mokhesi,  
H Molotsi, SS Ntsaluba, P Schmid  
Executive: DM Sewela (Chief executive)  
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Group company secretary  
Andiswa Ndoni

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